

VAT INDEMNITY AND COMPLIANCE AGREEMENT

This VAT Indemnity and Compliance Agreement (the "Agreement") is entered into this _____ day of _____, 20____ (the "Effective Date"), by and between:

The Contractor: _____

Address: _____

VAT Registration Number: _____

And

The Subcontractor: _____

Address: _____

VAT Registration Number: _____

RECITALS

WHEREAS, the Contractor and the Subcontractor have entered into, or may enter into, agreements for the provision of services and/or goods (the "Subcontract Work"); and

WHEREAS, the transactions contemplated under the Subcontract Work may be subject to Value Added Tax ("VAT"); and

WHEREAS, the Contractor requires formal assurance and indemnity from the Subcontractor regarding its VAT registration status, invoicing compliance, and payment of VAT to the relevant tax authorities.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. SUBCONTRACTOR'S VAT REPRESENTATIONS AND WARRANTIES

1. The Subcontractor represents and warrants that it is, and will remain for the duration of any Subcontract Work, duly registered for VAT in accordance with the applicable laws of _____.
2. The Subcontractor shall immediately notify the Contractor in writing if its VAT registration is cancelled, suspended, changed, or if it ceases to be registered for VAT for any reason.
3. The Subcontractor warrants that all VAT details, registration numbers, and invoice information provided to the Contractor are true, accurate, and valid.

2. INVOICING AND COMPLIANCE

1. The Subcontractor shall issue valid VAT invoices to the Contractor for all taxable supplies of goods or services. Such invoices must comply strictly with the local VAT legislation and formatting requirements.
2. If the Domestic Reverse Charge or any other shift of VAT liability applies to the services, the Subcontractor shall clearly state this on the face of the invoice and apply the appropriate tax treatment in accordance with the law.
3. The Subcontractor covenants that it will duly account for and pay over to the relevant tax authorities all VAT charged to and collected from the Contractor in connection with the Subcontract Work.

3. INDEMNIFICATION

1. The Subcontractor hereby agrees to fully indemnify, defend, and hold harmless the Contractor, its officers, directors, employees, and affiliates, from and against any and all liabilities, losses, damages, costs, penalties, interest, fines, and expenses (including reasonable legal fees) arising out of or resulting from:
 - a. Any failure by the Subcontractor to comply with applicable VAT laws and regulations;
 - b. Any failure by the Subcontractor to pay VAT due to the relevant tax authorities;

- c. The invalidity, inaccuracy, or cancellation of the Subcontractor's VAT registration;
 - d. Any incorrect, improper, or invalid VAT invoices issued by the Subcontractor which result in the Contractor being denied input VAT recovery, credit, or deduction by any tax authority.
2. The Contractor shall have the right to withhold payments due to the Subcontractor to the extent of any potential VAT liability, penalty, or interest until the issue is resolved to the satisfaction of the relevant tax authority and the Contractor.

4. PROVISION OF INFORMATION AND AUDIT RIGHTS

1. Upon request, the Subcontractor shall promptly provide the Contractor with evidence of its VAT registration, copies of VAT returns, proof of payment of VAT to the tax authority, and any other documentation reasonably required to verify compliance with this Agreement.

5. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of _____. Any dispute arising out of or in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts of _____.

6. TERM

This Agreement shall remain in full force and effect so long as any Subcontract Work is being performed, and shall survive the termination or expiration of any underlying service agreements until all relevant VAT liabilities are barred by the applicable statute of limitations.

IN WITNESS WHEREOF, the parties hereto have executed this VAT Indemnity and Compliance Agreement as of the Effective Date.

For the Contractor:

For the Subcontractor:

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____